## STATE OF ILLINOIS SECRETARY OF STATE SECURITIES DEPARTMENT

IN THE MATTER OF: PCHUT.COM, its officers, )

agents, affiliates, employees, successors and assigns) and RODNEY A. RUSSELL

FILE NO. 0200260

## ORDER OF PROHIBITION

TO RESPONDENT:

PCHUT.COM 1205 Hwy 20

Mountain Home, ID 83647

Rodney A. Russell 4445 A. Paisley

Mt. Home AFB, ID 83648

WHEREAS, a Temporary Order of Prohibition was issued by the Secretary of State, State of Illinois, on June 19, 2003, temporarily prohibiting the Respondents from offering or selling securities in the State of Illinois until further order from the Secretary of State.

WHEREAS, pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"), the failure to request a hearing within thirty (30) calendar days of the entry of a Temporary Order shall constitute an admission of any facts alleged therein and constitute a sufficient basis to make the Temporary Order final.

WHEREAS, the Respondents have failed to request a hearing on the matters contained in the Temporary Order within thirty (30) calendar days of the entry of said Temporary Order and the Respondents are hereby deemed to have admitted the facts alleged in the said Temporary Order.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Findings of Fact contained in the said Temporary Order as the Secretary of State's Final Findings of Fact as follows:

1. PCHUT.COM ("PC" or collectively with Russell, "Respondents") is a business entity with a last known address of 1205 Hwy 20, Mountain Home, ID 83647.

- 2. Rodney A. Russell ("Russell" or collectively with PC, "Respondents") is an individual; with the last known address of 4445 A. Paisley, Mt. Home AFB, ID 83648. Russell is the President and CEO of PC.
- 3. Respondents were issued a Cease and Desist Order (the "Order") from the State of Idaho, Department of Finance, Securities Bureau, in November, 1999.
- 4. In or about May 26, 2000, Respondents offered and sold to at least one Illinois resident ("Investor") 750 shares of PC for \$3,000. Respondents failed to inform Investor of the Order.
- 5. On or about June 2, 2000, Respondents mailed a letter (the "Letter") to Investor and acknowledged the receipt of the investment funds.
- 6. In or about June 2000, Respondent mailed to Investor a Certificate of Stock Ownership reflecting the 750 shares purchased.
- 7. Section 2.1 of the Illinois Securities Law of 1953 [815 ILCS 5] ("the Act") provides, inter alia, that a "security" means any stock, note or evidence of indebtedness.
- 8. The shares in PC are a security as defined under the Act.
- 9. Section 12.F of the Act provides, <u>inter alia</u>, that it is a violation of the Act for any person to engage in any transaction, practice, or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
- 10. By failure to inform Investor of the Order, Respondents violated Section 12.F.
- 11. Section 5 of the Act provides, <u>inter alia</u>, that all securities except those exempt under Section 3 of the Act, or offered and sold in transactions exempt under Section 4 of the Act, shall be registered with the Secretary of State by filing the proper application prior to their offer or sale in the State of Illinois.
- 12. The activities detailed in paragraph four (4) constitute an offer and a sale under Section 2.5a and Section 2.5 of the Act.
- 13. Section 12.A of the Act provides, <u>inter alia</u>, that it shall be a violation of the Act for any person to offer or sell any securities except in accordance with the provisions of the Act.
- 14. Section 12.D of the Act provides, inter alia, that it is a violation of the Act for any person to fail to file with the Secretary of State, Securities Department any required application, report, or document.

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- 15. At all times relevant hereto the security referenced in paragraph four (4) was offered for sale and sold at a time when this security did not have the proper application on file at the Secretary of State.
- 16. Respondents violated Sections 12.A and 12.D of the Act by selling unregistered securities.

NOW THEREFORE IT IS HEREBY ORDERED: That pursuant to Section 11.F of the Act, the Respondents shall be and are hereby permanently <u>PROHIBITED</u> from offering or selling any securities in or from the State of Illinois.

ENTERED: this 2 day of June, 2004.

JESSE WHITE Secretary of State State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Act. Any person or entity that fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony.

This is a final order subject to administrative review pursuant to the Administrative Review Law, 735 ILCS 5/3-101 et seq. and the Rules and Regulations of the Illinois Securities Act (14 Ill. Admin. Code, Ch. I, Sec. 130.1123). Any action for judicial review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.